

## **1 EXECUTIVE SUMMARY**

### **1.1 Preamble**

- a) Amravati Power Transmission Company Limited (APTCL) is an intra-state transmission licensee in Maharashtra as per the Transmission License No. 3 of 2010 granted by the Hon'ble Commission vide order dated 30<sup>th</sup> December 2010 and amended vide order dated 4<sup>th</sup> August 2014.
- b) As per provisions of Electricity Act, 2003, APTCL being a transmission licensee, is required to submit its ARR and Tariff Petition as per procedures outlined in Section 61, 62 and 64 of EA 2003, and the governing Regulations thereof.
- c) Section 61 of EA 2003, empowers the State Electricity Regulatory Commission to set terms and conditions for determination of tariff. Further, it also lists down certain guiding principles for determination of terms and conditions of tariff such as Multi Year Tariff (MYT) principles and principles to incentivize efficiency in performance.
- d) Accordingly, as per Section 36 of EA 2003, Hon'ble Commission notified following Multi Year Tariff Regulations for relevant period under consideration:
  - MERC (MYT) Regulations, 2011 on 4<sup>th</sup> February 2011 for control period from FY 2011-12 (April 1, 2011) up to FY 2015-16 (March 31, 2016) and amendments thereof and
  - MERC (MYT) Regulations, 2015 on 8<sup>th</sup> December 2015 for control period from FY 2016-17 (April 1, 2016) up to FY 2019-20 (March 31, 2020) and amendments thereof.
- e) As per above provisions of law and regulation, APTCL is required to file a petition to the Hon'ble Commission for approval of True Up of FY 2015-16 & FY 2016-17, Provisional True Up of FY 2017-18 and Mid Term Performance Review for FY 2018-19 to FY 2019-20 for the said transmission system under the above transmission license.
- f) In compliance with the provisions of MERC (MYT) Regulations, 2011, APTCL submitted the True-up petition for FY 2015-16 along with the audited accounts for the said financial year
- g) Further, in compliance with the provisions of MERC (MYT) Regulations, 2015, APTCL also submitted the True-up petition for FY 2016-17 along with audited

accounts for said financial year, Provisional True Up of FY 2017-18 and Mid Term Performance Review for FY 2018-19 to FY 2019-20.

- h) On 27<sup>th</sup> December 2017, APTCL submitted the above petition along with specified data formats for approval of the Hon'ble Commission.
- i) After the submission of above petition by APTCL, the Hon'ble Commission issued the data gaps on the APTCL petition with a direction to reply to the said data gaps with necessary documentary evidence.
- j) On 2<sup>th</sup> January 2018, a meeting was held between the officials of MERC, APTCL and their respective consultants to discuss APTCL reply to the said data gaps. Based on the above discussion, APTCL was directed to resubmit the said petition and also provide pointwise reply to the data gaps.
- k) It is submitted that at the time of submission of this revised petition, the FY 2017-18 is over and the accounts are prepared, the figures of FY 2017-18 have been revised based on the available financial accounts (provisionally audited).
- l) In compliance of the above, APTCL is resubmitting the revised petition to the Hon'ble Commission for approval of True Up of FY 2015-16 & FY 2016-17, Provisional True Up of FY 2017-18 and Mid Term Performance Review for FY 2018-19 to FY 2019-20 for the said transmission system under the above transmission license.
- m) This section highlights the summary of Petition for True Up of FY 2015-16 & FY 2016-17, Provisional True Up of FY 2017-18 and Mid Term Performance Review for FY 2018-19 to FY 2019-20.

## **1.2 True up for FY 2015-16**

- a) APTCL has worked out its Aggregate Revenue Requirement for FY 2015-16 as a part of the True Up process and has presented the actual cost components based on audited annual accounts.
- b) The ARR for FY 2015-16 was originally approved by the Hon'ble Commission vide MYT order in Case No. 17 of 2014 dated 22<sup>nd</sup> February 2016. Thereafter, APTCL filed a petition for provisional True Up of expenses for FY 2015-16, the Hon'ble Commission vide order dated 15<sup>th</sup> July 2016 in Case No. 61 of 2016, approved the provisional true up petition of APTCL.

- c) The table below presents the cost approved in the provisional true up order dated 15<sup>th</sup> July 2016 and actual cost as per annual audited accounts along with the deviations thereof:

**Table 1: Summary of True Up for FY 2015-16 (Rs. Cr.)**

Sl. No.	Particulars	Approved	Actual	Net Entitlement after sharing of gains/(losses)	Deviation
1	Operation & Maintenance Expenses	3.80	2.80	3.47	-0.33
2	Depreciation	14.10	14.10	14.10	0.00
3	Interest on Long-term Loan	24.52	26.50	26.50	1.98
4	Interest on Working Capital	1.16	1.19	1.17	0.01
5	Contribution to Contingency Reserves	0.67	0.00	0.00	-0.67
6	Income Tax Expense	5.55	5.25	5.25	-0.30
7	<b>Total Revenue Expenditure</b>	<b>49.81</b>	<b>49.85</b>	<b>50.49</b>	<b>0.68</b>
8	Return on Equity Capital	10.35	10.35	10.35	0.00
9	<b>Gross Aggregate Revenue Requirement</b>	<b>60.16</b>	<b>60.20</b>	<b>60.84</b>	<b>0.68</b>
10	Less: Non-Tariff Income	0.00	0.00	0.00	0.00
11	Add: Incentive	0.00	0.25	0.25	0.25
12	<b>Total Annual Revenue Requirement</b>	<b>60.16</b>	<b>60.46</b>	<b>61.10</b>	<b>0.94</b>

\*- The recovery of the above ARR was allowed in FY 2016-17

### **1.3 True up for FY 2016-17**

- a) APTCL has worked out its Aggregate Revenue Requirement for FY 2016-17 as part of the True Up process and has presented the actual cost components based on annual audited accounts.
- d) The ARR for FY 2016-17 was approved by the Hon'ble Commission vide MYT order dated 15<sup>th</sup> July 2016 in Case No. 61 of 2016. The table below presents the cost approved in the MYT order and actual cost as per annual audited accounts along with the deviations thereof:

**APTCL Revised True Up Petition for FY 2015-16 & FY 2016-17, Provisional True-up for FY 2017-18 and MTR  
Petition for FY 2018-19 & FY 2019-20**

**Table 2: Summary of True Up for FY 2016-17 (Rs. Cr.)**

Sl. No.	Particulars	Approved	Actual	Net Entitlement after sharing of gains/(losses)	Deviation
1	Operation & Maintenance Expenses	2.41	3.43	2.75	0.34
2	Depreciation	14.40	14.10	14.10	-0.30
3	Interest on Long-term Loan	23.24	24.10	24.10	0.86
4	Interest on Working Capital	1.05	2.15	1.42	0.36
5	Contribution to Contingency Reserves	0.67	0.00	0.00	-0.67
6	Income Tax Expense	2.87	7.32	7.32	4.45
7	<b>Total Revenue Expenditure</b>	<b>44.64</b>	<b>51.10</b>	<b>49.69</b>	<b>5.05</b>
8	Return on Equity Capital	10.57	10.35	10.35	-0.21
9	<b>Gross Aggregate Revenue Requirement</b>	<b>55.21</b>	<b>61.46</b>	<b>60.05</b>	<b>4.84</b>
10	Less: Non-Tariff Income	0.06	0.21	0.21	0.15
11	Add: Incentive	0.00	1.07	1.07	1.07
12	<b>Net Aggregate Revenue Requirement</b>	<b>55.15</b>	<b>62.32</b>	<b>60.90</b>	<b>5.76</b>
13	ARR for FY 2013-14 including carrying cost to be recovered from InSTS	2.78	2.78	2.78	0.00
14	ARR for FY 2014-15 including carrying cost to be recovered from InSTS	10.64	10.64	10.64	0.00
15	ARR for FY 2015-16	60.16	61.10	61.10	0.94
16	<b>Total Annual Revenue Requirement including past gaps</b>	<b>128.73</b>	<b>136.83</b>	<b>135.42</b>	<b>6.70</b>

- e) Based on the above ARR as proposed by APTCL, the revenue gap proposed for FY 2016-17 is highlighted in the following table:

**Table 3: Revenue Gap for FY 2016-17**

Sl. No.	Particulars	APTCL Actual
1	Total ARR	135.42
2	ARR recovered through Transmission Tariff	96.55
3	Revenue Gap	38.88

#### 1.4 Provisional True Up for FY 2017-18

- a) As per the provisions of MERC MYT Regulations, 2015, the provisional true up is carried out by comparing the performance of Transmission licensee with the approved forecast in the MYT order.
- b) For FY 2017-18, the comparison of approved ARR as per MYT order with the revised forecast based on performance during the first half of FY 2017-18 and other factors is shown in the table below:

**APTCL Revised True Up Petition for FY 2015-16 & FY 2016-17, Provisional True-up for FY 2017-18 and MTR  
Petition for FY 2018-19 & FY 2019-20**

**Table 4: Provisional True Up for FY 2017-18 (Rs. Cr.)**

Sl. No.	Particulars	Approved	Provisional
			FY 2017-18
1	Operation & Maintenance Expenses	2.53	3.47
2	Depreciation	14.78	14.15
3	Interest on Long-term Loan	22.15	34.56
4	Interest on Working Capital	1.06	1.23
5	Contribution to Contingency Reserves	0.70	2.10
6	Income Tax Expense	2.95	7.32
<b>7</b>	<b>Total Revenue Expenditure</b>	<b>44.17</b>	<b>62.85</b>
8	Return on Equity Capital	10.88	10.45
<b>9</b>	<b>Gross Aggregate Revenue Requirement</b>	<b>55.04</b>	<b>73.29</b>
10	Less: Non-Tariff Income	0.15	0.29
<b>11</b>	<b>Net Aggregate Revenue Requirement</b>	<b>54.89</b>	<b>73.00</b>

- c) Based on the above ARR as proposed by APTCL, the revenue gap proposed for FY 2017-18 is highlighted in the following table:

**Table 5: Revenue Gap of FT 2017-18**

Sl. No.	Particulars	FY 2017-18
1	Total ARR	73.00
2	ARR recovered through Transmission Tariff	54.89
3	Revenue Gap	18.11

### 1.5 Mid Term Performance Review for FY 2018-19 & FY 2019-20

- a) As per the provisions of MERC MYT Regulations, 2015, the Mid Term Performance Review (MTR) is carried out by comparing the performance of Transmission licensee with the approved forecast in the MYT order.
- b) For FY 2018-19 & FY 2019-20, the comparison of approved ARR as per MYT order with the revised forecast and other factors is shown in the table below:

**Table 6: Mid Term Review of ARR for FY 2018-19 & FY 2019-20 (Rs. Cr.)**

Sl. No.	Particulars	Approved	Estimates	Approved	Estimates
		FY 2018-19		FY 2019-20	
1	Operation & Maintenance Expenses	2.65	3.65	2.77	3.84
2	Depreciation	14.86	14.46	14.86	14.63
3	Interest on Long-term Loan	20.49	19.77	18.59	18.17
4	Interest on Working Capital	1.05	0.98	1.03	0.98
5	Contribution to Contingency Reserves	0.71	0.68	0.71	0.69
6	Income Tax Expense	2.98	7.32	2.98	7.32
<b>7</b>	<b>Total Revenue Expenditure</b>	<b>42.73</b>	<b>46.86</b>	<b>40.93</b>	<b>45.63</b>
8	Return on Equity Capital	10.97	10.66	10.97	10.80
<b>9</b>	<b>Gross Aggregate Revenue Requirement</b>	<b>53.70</b>	<b>57.53</b>	<b>51.90</b>	<b>56.43</b>
10	Less: Non-Tariff Income	0.21	0.20	0.27	0.26
<b>11</b>	<b>Net Aggregate Revenue Requirement</b>	<b>53.49</b>	<b>57.33</b>	<b>51.64</b>	<b>56.17</b>
12	Add: Gap/ (Surplus) for FY FY 2016-17	0.00	38.88	0.00	0.00
13	Add: Gap/ (Surplus) for FY 2017-18	0.00	18.11	0.00	0.00
14	Carrying cost of above gap	0.00	15.30	0.00	0.00
<b>15</b>	<b>Total Annual Revenue Requirement including past gaps</b>	<b>53.49</b>	<b>129.61</b>	<b>51.64</b>	<b>56.17</b>

- c) The details of the carrying cost highlighted in the above table and claim to be recovered in FY 2018-19 is highlighted below:

**APTCL Revised True Up Petition for FY 2015-16 & FY 2016-17, Provisional True-up for FY 2017-18 and MTR  
Petition for FY 2018-19 & FY 2019-20**

---

**Table 7: Carrying cost claimed in FY 2018-19**

<b>Particulars</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>
Opening Balance	-	60.84	37.55	37.55
ARR during the year (Excluding incentive)	60.84	73.26	-	-
Recovery during the year	-	96.55	-	37.55
Closing Balance	60.84	37.55	37.55	0.00
Wtg. Average rate of Interest	14.29%	10.79%	10.21%	9.65%
<b>Carrying / (Holding) Cost</b>	<b>4.35</b>	<b>5.31</b>	<b>3.84</b>	<b>1.81</b>
<b>Effective Carrying/(Holding) Cost for under/over recovery of ARR</b>		<b>15.30</b>		